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Basic U.S. Decisions On Europe Await Election Results

On the eve of the Presidential elections, while the UN is stalled on issues like Palestine and Italy's African colonies, and while the "neutral countries" in the Security Council, with diminishing hopes of success, seek to avert an American-Russian showdown on Berlin, it may be useful to draw up a tentative balance sheet of United States policy in Europe. What is the present line-up? What decisions lie immediately ahead?

New Balance of Power

Through a sustained effort supported by leaders of both major political parties, the United States is gradually restoring its balance of power vis à vis the U.S.S.R. This balance, which existed on V-E Day, and whose continuation into the postwar period appeared to be one of the principal underlying assumptions of the Yalta and Potsdam conferences as well as of the UN then in process of formation, had been abruptly upset shortly after V-J Day, when this country abandoned rationing, terminated lend-lease, and proceeded to demobilize at a rapid pace. Taken together, these three lines of action had given the impression to Russia, and to the rest of the world, that the United States, as in 1919, would withdraw from Europe now that the fighting was over, and undertake no long-term commitments for peacetime participation in the affairs of that continent.

Three years later, American policy toward Europe has undergone a change which historians of the future may regard as nothing short of revolutionary. Increasing fear that the U.S.S.R. would move into the power vacuums created by the defeat

of Germany and the weakening of Britain and France has caused the United States to stage a comeback in Europe, and to rebuild the position of strength and influence which it commanded in 1945 but then dismantled of its own choice. In lieu of lend-lease, this country is now giving economic aid in the form of loans and credits to sixteen European countries under the four-year European Recovery Program for reconstruction of the continent's war-shattered economy, whose maladjustments, it was recognized by 1947, offered fertile soil for the propagation of communism.

In the American-Russian struggle over the ERP, Germany, although defeated and with much of its industrial plant destroyed or damaged, plays a key role. The United States is deploying an all-out effort to speed the recovery of Western Germany, with the double objective of making that area's resources available to other ERP nations and to provide the Germans with exports that can pay for imports of food and raw materials now financed by this country. The Kremlin, for its part, contends that the Western powers are intent on rebuilding Germany not for peacetime purposes, but in order to use its war potential against the U.S.S.R., and demands a share in control of the Ruhr, now placed under the supervision of an international authority on which Russia is not represented. The Western powers are proceeding with the formation of a Western German government whose constitution is being drafted by German representatives at Bonn; Russia is speeding up the formation in Eastern Germany of a People's Council, purporting

to represent "all Germans," to which a constitution for a united Germany was presented on October 22. The Russians are also organizing a heavily armed "People's Police," eventually intended to number 400,000 men. It has been reported that, should the Big Four Council of Foreign Ministers resume negotiations about Germany, Moscow would propose the withdrawal of all Allied occupation forces from Germany, in the hope that Communists in its zone might then succeed in controlling Germany—a possibility regarded as unlikely by several experts on German affairs.*

Arms and the ERP

American observers are divided on the long-term results of the ERP. Some are impressed with the degree of recovery achieved by the countries of Western Europe, as well as by Western Germany since the currency reform of last June. They believe the success of the ERP is causing unrest in the countries of Eastern Europe and the Balkans, which are unable to obtain from Russia the tools, machinery and raw materials they need for recovery. This unrest, they think, may bring Russia by next spring to the point where it would be willing to negotiate about Germany on terms acceptable to the Western powers.

Other American observers, while in agreement with the view that Western Europe is beginning to recover from the moral and material devastation of war, fear that the ERP will not prove sufficient, either in terms of method or in terms of actual funds, to check Russia and commu-

*See *Foreign Policy Bulletin*, October 22, 1948.

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nism. They point to the need for far-reaching social reforms, which might require internal changes in some of the countries benefiting by Marshall plan aid, and to the general feeling of insecurity, which might require military assistance from the United States. In the military sphere, there has already been considerable discussion of ways and means by which this country might bolster the military alliance of the five Brussels pact nations, and a military pact between the United States and Canada is reported to be in the offing. In the sphere of social reform, notably in countries that need it most, like France, Italy and Greece, little progress appears to have been made.

Post-Election Questions

Among the decisions that await the next Administration, those concerning military undertakings in Europe as a corollary to the ERP will probably loom most important. Should the United States enter into an outright military alliance with the countries of Western Europe—or should it urge a collective defense pact against aggression under Article 51 of the UN Charter, as proposed by Hamilton Fish

Armstrong, editor of *Foreign Affairs*? If a Western power alliance is decided on, what commitments should the United States make about supplying men, armaments, or both? Is it advisable, as suggested by Walter Lippmann, for this country to beat Russia to the draw, and itself propose removal of all Allied occupation forces from Germany, provided American troops now stationed on German soil are withdrawn not to the United States but to France and the Low Countries, where they would be backed up by American B-29s now stationed in Britain? In weighing the possibility of a military showdown with Russia, should the United States prepare for a long-drawn out land war, and seek the aid of any countries, be they former war-time allies, enemies or neutrals, that are ready to line up against Russia and furnish land forces or bases? Or can it count on a quick war to be decided by long-range planes freighted with atomic bombs—and dispense with politically embarrassing assistance from Franco Spain or former members of the German armed forces?

Still more difficult to decide is the question, which so far seems to have received little public discussion, whether the United

States should conceive of the struggle in Europe, and the rest of the world, primarily in terms of armaments, to be decided by war—or in terms of clashing concepts of economic and social organization, to be decided by imaginative measures for improvement of moral and material conditions? Was Philip D. Reed, chairman of the Board of the General Electric Company, right when he stated at the Herald Tribune Forum on October 20 that “superior armaments alone will not win a war with Russia, be it cold, hot or tepid,” and that it is important to take “a long, hard, well-balanced, civilian look at all proposed defense projects in order to weigh their effect upon the very freedoms we so earnestly seek to secure?”

None of these questions are susceptible of easy answers, for all are concerned with fundamental decisions as to the most effective way of meeting the challenge of Russia and communism. As Toynbee has repeatedly pointed out, every civilization in history has been challenged sooner or later. Defeat or survival has depended on finding an adequate response.

VERA MICHELES DEAN

Dominions Approve Britain's Closer Ties With Europe

From all outward signs the two-week conference of the British Commonwealth, which closed in London on October 22, has amply demonstrated the continued vitality of this peculiarly British institution. In their final communiqué the Prime Ministers of Britain, Canada, Australia, New Zealand, South Africa, India, Pakistan, Ceylon and Rhodesia reaffirmed their community of outlook in approaching current world problems. Full accord emerged from the London talks on such issues as the necessity of improving mutual defense and combating communism throughout the Commonwealth. What is perhaps of greatest interest to the United States, Commonwealth approval has been assured for Britain's participation in Europe's economic recovery and London's efforts to strengthen the Western union under the Brussels pact of March 17, 1948.

No definite decisions were taken, however, on the question whether India and other Dominions may retain their Commonwealth ties under the British Crown and yet assume the status of republics. Nor was any substantial progress reported on solving the two most perplexing internal Commonwealth conflicts—the Indian-Pakistan rift over Kashmir, or India's quarrel

with South Africa on the treatment of Indian nationals in the South African Dominion. Both the membership dilemma and India's external troubles give some reasons to believe that the Commonwealth ties may be considerably loosened in the future.

Britain's New Role

The permanence of the Commonwealth, however, may rest mainly on the future actions of the British government. Britain's policies abroad were historically concerned almost solely with the affairs of Empire and Commonwealth, although it has long attempted to maintain a balance of power on the continent. Now Britain has by necessity cast its lot with Western Europe, and in the East-West struggle is also closely aligned with Washington. Britain's Foreign Minister Ernest Bevin, addressing the conference on October 12, indicated that the Middle East, especially the areas surrounding the Indian Ocean, remained vital to Britain. Yet it is none the less true that Britain's major concern today is to erect in Western Europe—with the assistance of the United States—a stable and defensible bloc capable of siding with the West against Russia if it does not suc-

ceed in acting as a middle force between the opposing superpowers.

Most Commonwealth members are in agreement with Britain that Western Europe must be greatly strengthened and united. Former Prime Minister Smuts of South Africa has been a leader in this movement. The Malan government which succeeded Smuts after his election defeat last May also appears to favor that course. Canada, too, has led in proposing closer unity among Western European countries. Like the United States, Canada is in fact engaged in conversations with military authorities of the various Brussels pact nations. It should be noted, moreover, that other regional security arrangements involving Commonwealth nations have developed since the war. Evidence of this may be found in joint Canadian-United States defense plans and the Australian-New Zealand security pact. But if most of the Commonwealth members look with favor on the new role Britain is assuming in Europe, they are at the same time fearful that their preferential trading connections with London may be impaired by the joint undertaking Britain has made in pursuit of the European Recovery Program.

Commonwealth Trade at Issue

Thus far Britain has hesitated to press vigorously for military, economic and political federation in Europe, although it was Bevin who first proposed the Brussels pact on January 22 and earlier accepted Secretary of State Marshall's offer of economic aid on a self-help basis. Much of Britain's hesitation about closer unity in Europe has been due to the fear that Commonwealth members would not approve because of possible new trading problems it might create. The Conservative party in Britain, moreover, has continued to back the system of imperial trade preferences, and at its conference on October 7 went on record again in opposition to the multi-lateral trade system sponsored by the United States.

Perhaps the chief result of immediate importance from the Commonwealth conference has been agreement among the nine nations that Britain can go ahead full

speed in carrying out its part in the ERP. Up to now most Commonwealth partners have been concerned about greater British-European trade. The two Dominions of the South Pacific, New Zealand and Australia, quite naturally want assurance that their market in Britain, currently their main export outlet, will remain stable. Most Dominions have the practical desire to develop sterling-area trade which will not cost them dollars. They also need capital equipment from Britain and hope that there will be no excess diversion of trade from the Commonwealth to Europe.

India and the Commonwealth

Internally, the Commonwealth is most anxious at this moment about India. That new Dominion is soon slated to become a republic under its draft constitution, and this raises the question of what changes can be made in the Commonwealth structure to accommodate the close association

of a republic under the British Crown. India's Prime Minister, Pandit Jawaharlal Nehru, is known to favor close relations with Britain and the other Dominions, despite his long struggle against British rule and present difficulties with both Pakistan and South Africa. It should be noted that Eire, a republic which is in the process of severing all remaining Commonwealth bonds with the British Crown, was not invited to the present parley. Both Eire and India, however, may seek new ties with Britain and the Dominions, since trade advantages within the Commonwealth and mutual defense are important alike to Dublin and New Delhi. Because of Britain's extensive debt to India, that country, under present difficulties of converting sterling, finds it can trade with London more expediently than with other countries. At present India also depends on the British navy for its coastal defense.

GRANT S. McCLELLAN

Dutch and Indonesians Consolidate Their Positions

Agreement between the Dutch and Indonesian federal leaders on plans for an Interim Federal Government of Indonesia was announced on October 7, and on October 13 the virtual suppression of the short-lived Communist insurrection in the Indonesian Republic was reported by Prime Minister Hatta. Final settlement of the Dutch-Indonesian controversy, however, appears remote, and conditions favoring Communist propaganda in the Republic still exist, as Dr. Hatta warned—notably the economic distress which he attributes in large part to Dutch trade regulations having the effect of a blockade. The economic difficulties faced by the Republic are unquestionably acute, while the apparent hostility of the Western powers toward the new regime and the supposed friendliness of the Soviet Union, together with personal rivalries between Indonesian leaders, create a favorable environment for communism.

The Communist Uprising

The Communist party of Indonesia (PKI) which had previously played a minor role as one of the groups supporting the government, made a sudden about-face at a party meeting on August 20, calling for immediate cessation of negotiations with the Dutch, exchange of consuls with Russia, formation of a National Front Government, dominant positions for the Communists in the cabinet, and firm action

against the Netherlands. At this meeting appeared the new head of the party's Politburo, Muso, an agitator who had fled Java twenty-five years before and had just returned from Moscow where he had been given intensive training over a long period.

The first step taken by the PKI was to invite all other parties to join in a "Democratic Front" (FDR). In rapid succession *Pesindo* (Socialist Youth Organization), the Socialist and Labor parties, SOBSI (Federation of Industrial Workers), some of the *Laskar* guerrilla bands, and the *Sarbupri*, a union of militant plantation workers, lined up with the Communists.* It soon appeared that many of the key leaders in these organizations were Communists or "fellow-travelers." Great surprise was caused when Amir Sjarifoeddin, ex-premier and Socialist party leader, revealed that he had been a Communist since 1935. He said that the Communists had previously collaborated with the colonial powers against fascism, but that now they must fight against imperialism. Under his leadership a section of the Socialist party entered the FDR, but a dissident faction formed an independent Indonesian Socialist party with Sjahrir, another ex-premier, at its head. The leader of SOBSI was Setiadyit, a fellow-traveler who also directed the Labor party. Fur-

thermore the chief of the *Laskar* bands, the *Barisan Tani*, was Sardjono, president of the PKI, and the *Sarbupri* was headed by PKI vice-president Darusman.

The *Masjumi* (Islamic) and Nationalist parties, however, by now the main sources of support for the Soekarno-Hatta government, refused to join the FDR, but instead formed a National Independence Front on September 20, stating their intention to defend the government. The Provisional Parliament gave President Soekarno emergency powers under which he moved rapidly, using loyal troops, to put down the rebellion which had broken out September 18 with the establishment of a Communist regime in Madiun, an important city of central Java.

The unanimity with which the various mass organizations had previously acted against the Dutch must have led Muso to think that he could use them against the government simply by gaining the support of their leadership. Unlike European workers, however, the Indonesians, faced with a choice between union orders for a general strike, and loyalty to Soekarno's popular nationalist government, chose the latter. This helps account for the speed with which the government was able to quell the revolt. According to a Chinese Malayan newspaper report which appeared about October 12, both Muso and Sjarifoeddin had fled Java by plane. While scattered local resistance may continue, it

*See *Foreign Policy Bulletin*, October 15, 1948.

thus appears definite that the core of the rebellion has been smashed.

The Republic, which had refused an indirect offer of aid from the Dutch in fighting the Communists, now stands on a firmer foundation in its negotiations with the Netherlands. Having shown both its strength and its opposition to the Communists, it will hope for more support from the United States and the UN Committee of Good Offices.

Talks at The Hague

The Dutch during all this time have been quietly conducting negotiations with leaders of thirteen states and territories in non-Republican areas of Indonesia. Many non-Javanese Indonesians, while seeking freedom, look with suspicion on the establishment of Javanese hegemony in the proposed United States of Indonesia. Consequently they appear to have worked willingly with the Netherlands in setting up new state regimes, and in Bandung, East Java, at a consultative conference which opened May 27, they called for rapid formation of an all-Indonesian government, including the Republic if possible. Subsequent negotiations at The Hague led to announcement of a draft agreement on October 7.

The Dutch have agreed to transfer complete internal authority to an all-Indonesian government, to be followed by the creation of a fully sovereign United States of Indonesia (U.S.I.). The interim government will be composed of an executive of three Indonesians, elected by the governments of member states; a federal council consisting of two to ten members from each state; and a technical cabinet. The chief Dutch representative will be known as a High Commissioner instead of Governor-General; a Dutch army will remain, although it may not be used without consultation with the interim government; and Dutch experts employed by the federal states are subject to dismissal by the local Indonesian authorities.

The Republic has remained aloof from the discussions, although the plans described envision its ultimate adherence to the federation. It insists, among other things, that the interim government should hold elections throughout Indonesia for a constituent assembly which would determine the membership and

constitution of the future U.S.I. Fundamentally, Republican opposition stems from fear that the new structure will be simply a facade for the continuation of Dutch rule. The Netherlands, for its part, insists that it will withdraw completely once the establishment of stable and responsible government is assured. It believes, however, that such a transition must be gradual, and that stability cannot be guaranteed unless the 25 major ethnic groups in the archipelago's 3,000 islands can be promised freedom for their own development without danger of Javanese domination.

FRED W. RIGGS

(The second of three articles on Burma, Indonesia and Malaya.)

Branch & Affiliate Meetings

SAN FRANCISCO, November 4, *Prospects for Democracy in Japan*, T. A. Bisson

PHILADELPHIA, November 5, *France*, Andre Maurois

BOSTON, November 6, *What is Happening in the Middle East?*, John S. Badeau, Millar Burrows

NEW YORK, November 6, *Germany: Symbol of Conflict*, Carl J. Friedrich, Sam Welles

BALTIMORE, November 8, *Change or Continuation? A Challenge to New Leadership*, James P. Warburg

SHREVEPORT, November 8, *U.S. Foreign Policy*, George Fielding Eliot

CLEVELAND, November 9, *The Role of the Military in Peacetime Diplomacy*, Hanson Baldwin

WORCESTER, November 9, *United Nations vs. World Federalism*, Pennington Haile, George Holt

PROVIDENCE, November 10, *Eastern Asia—1948*, Ruth Woodsmall

HUDSON, N. Y., November 12-14, *Regional Conference of FPA Branches & Affiliates*, Executives and Board Members

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What are the prospects for a four-power agreement on Austria? Why has Austria succeeded in avoiding communism and inflation? What is the controversy between Russia and the Western powers about "German assets" in Austria? READ

AUSTRIA UNDER ALLIED OCCUPATION
by Winifred N. Hadsel

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News in the Making

The Peruvian government's energetic suppression of the uprising of sailors and civilians in the seaport of Callao on October 3 paves the way for return of strongman rule in that country. Claiming that the APRA party instigated the revolt, the government has outlawed the movement and imprisoned some of its leaders. However, Haya de la Torre, chief of this party of the non-Communist left which represents most of the Peruvian middle class and workers, is apparently out of reach. President Bustamante, elected with the aid of APRA, has moved over into the camp of his army-backed rightist opponents. . . . The Japanese Diet on October 14 chose Shigeru Yoshida, leader of the conservative Democratic Liberal party to head the new government replacing Dr. Hitoshi Ashida's Socialist and Centrist coalition which had resigned following the exposure of a financial scandal. The chief issue in the cabinet choice had been a jockeying for position in the general elections that are to follow dissolution of the Diet, which will probably occur in the near future. . . . The expected crisis in Belgium over a proposed referendum concerning the return of exiled King Leopold was resolved on October 20, when the Socialists, Liberals and Communists in the Senate defeated a bill for the referendum presented by the Catholic party. The decision in the Senate is final; there will be no attempt to introduce a similar bill in the Chamber of Deputies. This does not mean, however, that the question of Leopold's return is any nearer solution—merely that other formulas will have to be tried. . . . On October 20 it was announced that oil-rich Iran had signed a contract with Overseas Consultants, Inc., under which this American advisory group of eleven engineering companies will undertake a study of economic and social conditions in Iran and make recommendations for planning of that country's projected \$650 million development program, to be financed entirely by the Iranian government. About 40 per cent of this amount will require foreign or dollar exchange, with the balance to be spent internally.

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